

Ework commences year on-track

First Quarter 2018 compared to 2017

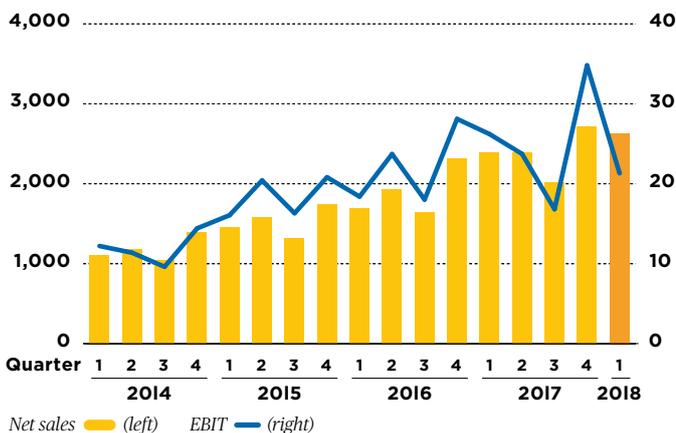
- Net sales increased by 10% to SEK 2,623 M (2,389).
- EBIT was down by 18% to SEK 22.5 M (27.4).
- Order intake fell by 5% to SEK 3,301 M (3,475).
- Earnings after tax per share after dilution were SEK 0.97 (1.21).
- The consulting market remains strong but with a lower pace of growth, particularly on Ework's markets outside Sweden. The period's order intake is compared with that of an extremely strong first quarter in 2017. Calendar effect and non-recurring items affected earnings.
- Ework is reiterating the outlook for 2018 stated in its Year-end Report 2017.

"Ework's progress in the first quarter showed slower growth in net sales and lower earnings and order intake compared with the previous year. The progress is on-track with our expectations and plans, and the comparison is done with a very strong Q1 2017."

Extract from CEO Zoran Covic's commentary to the Interim Report.

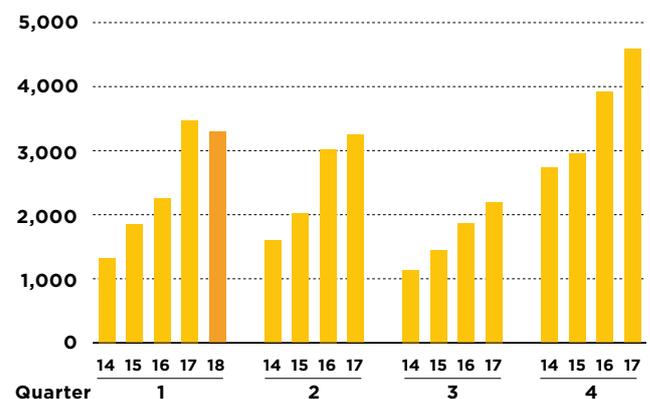
Net sales and EBIT

SEK M



Quarterly order intake

SEK M





Ework's progress in the first quarter showed slower growth in net sales and lower operating profit and order intake compared with the previous year. The progress is on-track with our expectations and plans, and the comparison is done with a very strong Q1 2017.

The number of consultants on assignment increased by 15% but net sales showed lower growth rates. Calendar effects account for some of this. Some major customers reduced consultant volumes and growth outside of Sweden is slowing down. At the same time, Sweden grew by 14%. During the period, no major outsourcing contract was signed, which would otherwise mean major growth leaps.

The investments we have described in previous reports are now being implemented and will have a gradual impact. We believe in a continued strong market. One of the purposes of the investments we are now implementing is to strengthen our competitiveness so that we can continue winning new business. We are convinced that they will contribute to continued growth and increasing profitability. Calendar effects and non-recurring costs on the Group's profit for the quarter is estimated to SEK 7 M compared with the first quarter the previous year.

Order intake decreased compared to 2017, but amounted to SEK 3.3 billion and was 44% higher than the first quarter of 2016. We compare with an exceptionally strong quarter in 2017.

Ework's position in the market remains strong and during the year we will realize positive effects from the investments made. We are pursuing our plan towards 2020 and reiterate the prospects expressed in the year-end report.

Stockholm, April 24, 2018
Zoran Covic, CEO

FIRST QUARTER 2018

Continued strong progress – some slowdown

Market

The Nordic consulting market remained strong in the first quarter of the year but with a slower growth rate than before, in particular on Ework's markets outside Sweden. Demand for consultants for new assignments was strong in virtually all the skills segments where Ework is active, but with a slower growth rate than the previous year. Ework is considered to have kept increasing their shares of the consulting market.

Ework's demand indicators, such as the number of client enquiries received, applications from consultants, the relationship between different skills segments, etc. point to a continued strong market with some signs of slower growth pace in demand. The number of available consultants remains fairly low, while average pricing was slightly higher than that noted the previous year, is a sign of generally high utilization on the market.

The Group's net sales

The Group's net sales for the first quarter increased by 10% to SEK 2,623 M (2,389). Sweden represented the highest growth in both percentage and absolute terms. The lower growth rate was primarily sourced from Norway and Finland, as well as from a decline in the Danish operation where a major client reduced consultant spending considerably.

The Group's profit

The Group's EBIT for the first quarter decreased by 18% to SEK 22.5 M (27.4). Profit after financial items was SEK 22.2 M (27.3). Profit after tax for the quarter amounted to SEK 16.8 M (20.8). The profit decrease compared to the previous year is a consequence of calendar effects and higher costs for initiatives to reinforce the organisation, including non-recurring cost for a group event, and digitalization. The comparison is made with a very strong first quarter 2017. The on-going investments in organisation, digitalization and automation are expected to gradually have a positive impact on earnings from the second quarter 2018 and onwards.

Comments on progress

The Group's order intake was down by 5% on the first quarter of the previous year to SEK 3,301 M (3,475). Order intake includes new assignments and extensions. The decline of order intake is primarily due to non-recurring calendar effects, whereby many contract extensions were completed after the end of the quarter this year, whereas the corresponding extensions were completed before the end of the quarter last year. The development of net sales in Norway, Denmark and Finland described above has also encompassed a negative impact on order intake.

The number of consultants on assignment increased by 15%, peaking at 8,704 (7,562).

Sweden

The Swedish operation progressed well. Net sales in the quarter rose by 14% to SEK 2,162 M (1,896). The number of new consulting assignments continued to increase in a sustained strong business cycle and positive demand progress on the consulting market.

EBIT amounted to SEK 19,9 M (22.2), a 10% decrease. The numbers for the Sweden segment still include the Polish operation, which is continuing to perform positively.

Norway

The Norwegian operation's had a lower pace of growth in the period, following a very strong 2017. Net sales for the quarter were up by 4% to SEK 202.5 M (194.6). EBIT decreased to SEK 1.0 M (3.8). Higher investments in new geographic establishments and segments had an impact on earnings.

Denmark

The Danish operation saw a decline during the quarter compared with the previous year. Net sales decreased by 25% to SEK 127.1 M (168.6). The decline is primarily sourced from changed conditions of a major client. EBIT decreased to SEK 1.5 M (1.8).

Finland

The net sales of the Finnish operation rose by 1% year on year to SEK 131.3 (129.9). Some slowdown in demand was noted which explains the lower pace of growth. EBIT improved slightly to SEK 0.1 M (-0.5) after restructuring measures to improve profitability.

Key performance data

SEK 000	January-March 2018	January-March 2017	Rolling 4 quarters Apr 17 - Mar 18	Full year 2017
Net sales	2,622,876	2,389,443	9,736,443	9,503,010
EBIT	22,492	27,398	101,366	106,272
Profit before tax	22,175	27,259	100,490	105,574
Profit for the period	16,765	20,811	76,064	80,110
Sales growth, %	9.8	41.8	17.4	25.3
EBIT margin, %	0.9	1.1	1.0	1.1
Profit margin, %	0.8	1.1	1.0	1.1
Return on equity, %	41.3	56.3	46.2	55.7
Total assets	2,875,924	2,482,554	2,875,924	2,808,059
Equity	172,700	156,480	172,700	151,691
Equity/assets ratio, %	6.0	6.3	6.0	5.4
Acid test ratio, %	105	108	105	104.4
Average number of employees	282	221	257	246
Net sales per employee	9,301	10,812	37,885	38,630

Key ratios per share

Earnings per share before dilution, SEK	0.97	1.21	4.41	4.65
Earnings per share after dilution, SEK	0.97	1.21	4.41	4.65
Equity per share before dilution, SEK	10.0	9.1	10.0	8.8
Equity per share after dilution, SEK	10.0	9.1	10.0	8.8
Cash flow from operating activities per share before dilution, SEK	-0.42	-1.32	-6.61	-7.50
Cash flow from operating activities per share after dilution, SEK	-0.42	-1.31	-6.61	-7.50
Number of shares outstanding at end of period before dilution (000)	17,240	17,188	17,240	17,240
Number of shares outstanding at end of period after dilution (000)	17,240	17,214	17,240	17,240
Average number of shares outstanding before dilution (000)	17,240	17,188	17,218	17,205
Average number of shares outstanding after dilution (000)	17,240	17,211	17,228	17,205

Shareholders

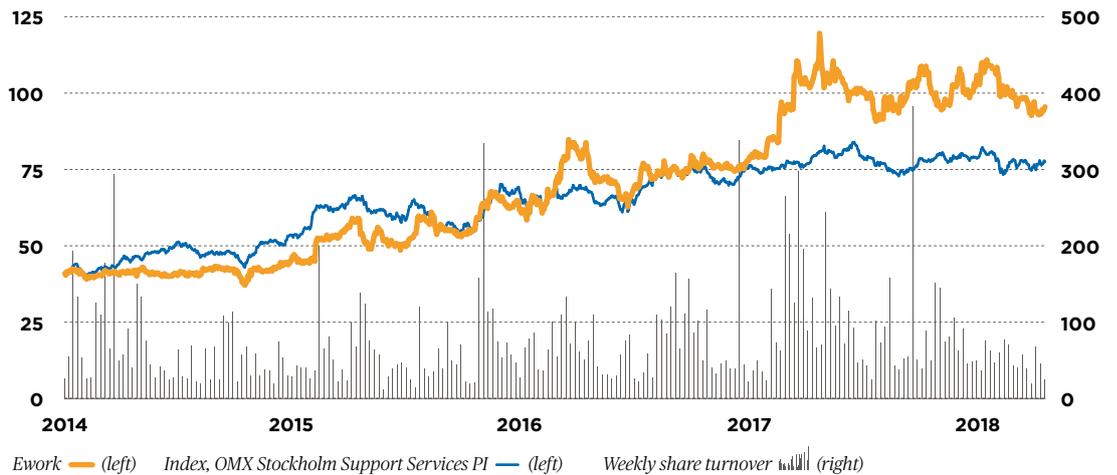
As of 31 March 2018	No. of shares	Votes and equity
Staffan Salén and family through company ¹⁾	4,587,945	26.6 %
Försäkringsbolaget Avanza Pension	3,122,007	18.1 %
Investment AB Öresund	1,820,436	10.6 %
Veralda Investment Ltd	807,813	4.7 %
Katarina Salén, private and through family company	463,962	2.7 %
Patrik Salén and family through company	382,000	2.2 %
Ålandsbanken, on behalf of shareholders	379,030	2.2 %
Elementa	280,942	1.6 %
Erik Åfors through company	277,291	1.6 %
Claes Ruthberg	220,000	1.3 %
Sub-total	12,341,426	71.6 %
Other	4,898,249	28.4 %
Total	17,239,675	100 %

¹⁾ Salénia AB

The Ework share

SEK

Share turnover, 000



Financial position

The equity/assets ratio was 6.0% (6.3) at the end of the period. The somewhat lower equity/assets ratio is due to higher working capital resulting from continuing sales growth.

Cash flow from operating activities for the first quarter was SEK -7.2 M (-22.6). Payments from clients and to consultants are made at month-ends. A modest shift in payments made or received can have a significant effect on cash-flow at a specific time. The firm has a SEK 200 M revolving funding facility. Accounts receivable have been pledged as collateral for this facility.

Workforce

The average number of employees increased to 282 (221) excluding consultants employed on a project basis. The increase is due to new appointments resulting from the firm's growth and previously announced growth initiatives.

Parent Company

The Parent Company's net sales for the first quarter were SEK 2,119 M (1,868). Profit before financial items was SEK 19.8 M (22.2) and profit after tax was SEK 16.8 M (17.7).

The Parent Company's equity at the end of the quarter was SEK 144.8 M (140) and the equity/assets ratio was 6.0% (6.9). Otherwise, the above comments regarding the Group's financial position also apply to the Parent Company where appropriate.

Material risks and uncertainty factors

Ework's material business risks, for the Group and Parent Company, consist of reduced demand for consulting services, difficulties in attracting and retaining skilled staff, credit risks, and to a lesser extent, currency risks. The firm is not aware of any new material business risks in the forthcoming six months. For a more detailed review of material risks and uncertainty factors, please refer to Ework's Annual Report.

Subsequent events

No significant events have occurred after the end of the reporting period.

Outlook

Ework is reiterating the outlook expressed in the Year-end Report 2017, standing by its financial targets for the period 2016-2020: Ework will achieve average annual sales growth of 20% and increase earnings share by an average of 20% per year.

In 2018, Ework judges that the Nordic consulting market will remain strong. Ework is expecting a slightly lower growth rate during 2018 compared with 2017. Earnings will progressively improve during 2018 as the effects of investments made will start to pay off.

Stockholm, Sweden, 24 April 2018
Zoran Covic, CEO

Consolidated Profit and Other Comprehensive Income Report

SEK 000	Note	January-March 2018	January-March 2017	Rolling 4 quarters Apr 17 - Mar 18	Full year 2017
Operating income					
Net sales	1	2,622,876	2,389,443	9,736,443	9,503,010
Other operating income		2	67	47	112
Total operating income		2,622,878	2,389,510	9,736,490	9,503,122
Operating costs					
Cost of consultants on assignment		-2,510,624	-2,288,265	-9,321,181	-9,098,822
Work performed by the company for its own use and capitalised		2,558	2,267	14,367	14,076
Other external costs		-26,900	-25,347	-106,771	-105,218
Personnel costs		-64,951	-50,467	-219,795	-205,311
Depreciation, amortisation and impairment of property, plant & equipment and intangible non-current assets		-469	-300	-1,744	-1,575
Total operating costs		-2,600,386	-2,362,112	-9,635,124	-9,396,850
EBIT		22,492	27,398	101,366	106,272
Profit/loss from financial items					
Net financial income/expense		-317	-139	-876	-698
Profit after financial items		22,175	27,259	100,490	105,574
Tax		-5,410	-6,448	-24,426	-25,464
Profit for the period		16,765	20,811	76,064	80,110
Other comprehensive income/costs					
<i>Items that have been reclassified, or are reclassifiable, to profit or loss</i>					
Translation differences on translation of foreign operations for the period		4,244	-248	5,535	1,043
Other comprehensive income/costs for the period		4,244	-248	5,535	1,043
Comprehensive income for the period		21,009	20,563	81,599	81,153
Earnings per share					
before dilution (SEK)		0.97	1.21	4.41	4.65
after dilution (SEK)		0.97	1.21	4.41	4.65
<i>Number of shares outstanding at end of the reporting period:</i>					
before dilution (000)		17,240	17,188	17,240	17,240
after dilution (000)		17,240	17,214	17,240	17,240
<i>Average number of outstanding shares:</i>					
before dilution (000)		17,240	17,188	17,218	17,205
after dilution (000)		17,240	17,211	17,228	17,205

Consolidated Statement of Financial Position

SEK 000	31 March 2018	31 March 2017	31 December 2017
Assets			
Non-current assets			
Intangible non-current assets	26,947	12,345	24,380
Property, plant and equipment	5,565	3,863	5,619
Non-current receivables	5,079	4,947	5,048
Total non-current assets	37,591	21,155	35,047
Current assets			
Accounts receivable—trade	2,699,620	2,272,100	2,660,143
Prepaid expenses and accrued income	79,654	72,688	41,114
Other receivables	19,666	30,478	23,125
Cash and cash equivalents	39,393	86,133	48,630
Total current assets	2,838,333	2,461,399	2,773,012
Total assets	2,875,924	2,482,554	2,808,059
Equity and liabilities			
Equity			
Share capital	2,241	2,234	2,241
Other paid-up capital	59,273	55,909	59,273
Reserves	1,547	-3,988	-2,697
Retained earnings including profit for the period	109,639	102,325	92,874
Total equity	172,700	156,480	151,691
Non-current liabilities			
Non-current interest-bearing liabilities	0	50,013	0
Total non-current liabilities	0	50,013	0
Current liabilities			
Current interest-bearing liabilities	200,187	0	200,171
Accounts payable—trade	2,450,859	2,220,358	2,395,149
Tax liabilities	3,511	5,430	5,335
Other liabilities	16,245	19,261	29,037
Accrued expenses and deferred income	32,422	31,012	26,676
Total current liabilities	2,703,224	2,276,061	2,656,368
Total equity and liabilities	2,875,924	2,482,554	2,808,059

Consolidated Statement of Changes in Equity

SEK 000	Share capital	Other paid-up capital	Translation reserve	Retained earnings incl. profit for the period	Total equity
Opening equity, 1 Jan. 2017	2,234	55,909	-3,740	81,514	135,917
Comprehensive income for the period					
Profit for the period				20,811	20,811
Other comprehensive income/costs for the period			-248		-248
Comprehensive income for the period			-248	20,811	20,563
Closing equity, 31 Dec. 2017	2,234	55,909	-3,988	102,325	156,480
Opening equity, 1 Apr. 2017	2,234	55,909	-3,988	102,325	156,480
Comprehensive income for the period					
Profit for the period				59,299	59,299
Other comprehensive income/costs for the period			1,291		1,291
Comprehensive income for the period			1,291	59,299	60,590
Transactions with the Group's shareholders					
Dividends				-68,750	-68,750
Contributions received on issue of warrants		750			750
Warrants exercised by staff	7	2,614			2,621
Closing equity, 31 Dec. 20167	2,241	59,273	-2,697	92,874	151,691
Opening equity, 1 Jan. 2018	2,241	59,273	-2,697	92,874	151,691
Comprehensive income for the period					
Profit for the period				16,765	16,765
Other comprehensive income/costs for the period			4,244		4,244
Comprehensive income for the period			4,244	16,765	21,009
Closing equity, 31 Mar. 2018	2,241	59,273	1,547	109,639	172,700

Consolidated Statement of Cash Flows

SEK 000	January-March 2018	January-March 2017	Rolling 4 quarters April 17-March 18	Full year 2017
Operating activities				
Profit after financial items	22,175	27,259	100,490	105,574
Adjustment for items not included in cash flow	469	300	1,744	1,575
Income tax paid	-7,370	-4,425	-26,482	-23,537
Cash flow from operating activities before changes in working capital	15,274	23,134	75,752	83,612
Cash flow from changes in working capital	-22,510	-45,757	-189,746	-212,993
Increase (-)/decrease (+) in operating receivables	-49,787	-179,353	-396,947	-526,513
Increase (+)/decrease (-) in operating liabilities	27,277	133,596	207,201	313,520
Cash flow from operating activities	-7,236	-22,623	-113,994	-129,381
Investing activities				
Acquisition of property, plant & equipment	-246	-531	-3,056	-3,341
Acquisition of intangible assets	-2,642	-2,486	-14,859	-14,703
Cash flow from investing activities	-2,888	-3,017	-17,915	-18,044
Financing activities				
Contributions received on issue of warrants	0	0	750	750
Redemption of warrants	0	0	2,621	2,621
Dividend paid to Parent Company shareholders	0	0	-68,750	-68,750
Borrowings	16	5	150,174	150,163
Cash flow from financing activities	16	5	84,795	84,784
Cash flow for the period	-10,108	-25,635	-47,114	-62,641
Cash and cash equivalents at beginning of period	48,630	112,202	86,133	112,202
Exchange rate difference	871	-434	374	-931
Cash and cash equivalents at end of period	39,393	86,133	39,393	48,630

Parent Company Income Statement

SEK 000	January-March 2018	January-March 2017	Rolling 4 quarters April 17-March 18	Full year 2017
Operating income				
Net sales	2,119,323	1,867,508	7,721,515	7,469,700
Work performed by the company for its own use and capitalized	2,558	2,267	14,367	14,076
Other operating income	27,816	4,733	41,974	18,891
Total operating income	2,149,697	1,874,508	7,777,856	7,502,667
Operating costs				
Cost of consultants on assignment	-2,034,799	-1,793,690	-7,409,420	-7,168,311
Other external costs	-47,097	-22,008	-119,360	-94,271
Personnel costs	-47,626	-36,344	-159,580	-148,298
Depreciation, amortisation and impairment of property, plant & equipment and intangible non-current assets	-328	-236	-1,153	-1,061
Total operating costs	-2,129,850	-1,852,278	-7,689,513	-7,411,941
EBIT	19,847	22,230	88,343	90,726
Profit/loss from financial items				
Other interest income and similar items	2,530	633	4,738	2,841
Interest expense and similar items	-753	-52	-1,985	-1,284
Profit after financial items	21,624	22,811	91,096	92,283
Tax	-4,804	-5,086	-20,615	-20,897
Profit for the period *	16,820	17,725	70,481	71,386

* Profit for the period corresponds to comprehensive income for the period.

Parent Company Balance Sheet

SEK 000	31 March 2018	31 March 2017	31 December 2017
Assets			
Non-current assets			
Intangible non-current assets	26,947	12,345	24,380
Property, plant and equipment	3,465	3,053	3,557
Financial non-current assets			
Other non-current receivables	4,380	4,289	4,380
Participations in Group companies	22,084	22,084	22,084
Total financial non-current assets	26,464	26,373	26,464
Total non-current assets	56,876	41,771	54,401
Current assets			
Accounts receivable—trade	2,238,645	1,837,788	2,214,975
Receivables from Group companies	51,982	35,356	47,467
Other receivables	5	138	415
Prepaid expenses and accrued income	47,469	42,607	26,083
Cash and bank balances	16,013	58,405	35,105
Total current assets	2,354,114	1,974,294	2,324,045
Total assets	2,410,990	2,016,065	2,378,446
Equity and liabilities			
Equity			
Restricted equity			
Share capital (17,239,675 shares with par value of SEK 0.13)	2,241	2,234	2,241
Statutory reserve	6,355	6,355	6,355
Development fund	26,188	11,821	23,629
Total restricted equity	34,784	20,410	32,225
Non-restricted equity			
Share premium reserve	46,678	49,950	46,678
Retained earnings	46,518	51,613	-22,310
Profit for the period	16,820	17,725	71,386
Total non-restricted equity	110,016	119,288	95,754
Total equity	144,800	139,698	127,979
Non-current liabilities			
Liabilities to credit institutions	0	50,013	0
Total non-current liabilities	0	50,013	0
Current liabilities			
Liabilities to credit institutions	200,187	0	200,171
Accounts payable—trade	2,027,636	1,784,569	2,006,039
Tax liabilities	1,670	2,561	3,128
Other liabilities	14,400	16,032	22,602
Accrued expenses and deferred income	22,297	23,192	18,527
Total current liabilities	2,266,190	1,826,354	2,250,467
Total equity and liabilities	2,410,990	2,016,065	2,378,446

Accounting principles

The Interim Report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the appropriate provisions of the Swedish Annual Accounts Act. The Interim Report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act. The same accounting principles and basis of calculation have been applied as in the Annual Report for 2017. The operations in Poland are reported in the Sweden segment for the present.

Note 1 The Group's operating segments

First quarter 2018 compared to corresponding period of 2017

SEK 000	Sweden Jan-Mar		Finland Jan-Mar		Denmark Jan-Mar		Norway Jan-Mar		Total Jan-Mar	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Income from clients	2,161,992	1,896,425	131,345	129,869	127,069	168,562	202,470	194,587	2,622,876	2,389,443
Profit per segment	41,606	38,508	1,603	886	2,788	3,789	3,015	5,135	49,012	48,318
Group-wide expenses	-21,697	-16,313	-1,550	-1,360	-1,249	-1,958	-2,024	-1,289	-26,520	-20,920
EBIT	19,909	22,195	53	-474	1,539	1,831	991	3,846	22,492	27,398
Net financial items	-	-	-	-	-	-	-	-	-317	-139
Profit/loss for the period before tax									22,175	27,259

Definitions

Ework Group utilises a number of financial metrics in Interim Reports and Annual Reports that are not defined according to IFRS, known as alternative performance measures, according to ESMA (the European Securities and Markets Authority) guidelines.

A number of measures and key indicators appearing in Interim Reports and the Annual Report are defined below. Most should be considered generally accepted, and of such nature that they could be expected to be presented in Interim Reports and the Annual Report to give a view of the Group's results of operations, profitability and financial position. Most measures and key indicators are directly reconcilable with the financial statements.

Key indicator	Definition and usage
Earnings per share	Profit in relation to the number of shares outstanding before dilution at the end of the period as defined by IAS 33.
Equity/assets ratio	Equity in relation to reported total assets at the end of the period. A measure illustrating interest rate sensitivity and financial stability.
Equity per share	Equity in relation to the number of shares outstanding before dilution at the end of the period. A measure illustrating shareholders' participation in total net assets per share.
Operating margin, EBIT margin	EBIT in relation to net sales.
Profit margin	Profit after financial items in relation to net sales.
Quick ratio	Current assets in relation to current liabilities.
Return on equity	Profit for the period in relation to average equity in the period. Return on equity is restated on an annualised basis in interim reporting. A profitability measure that indicates returns in the year on the capital shareholders have invested in operations.
Sales growth	Net sales for the period less net sales for the comparative period in relation to net sales for the comparative period.

Ework Group is a market-leading and independent consultant provider operating in northern Europe, which focuses on IT, telecom, technology, and business development. Without having consultants employed, Ework can impartially match every assignment with the right competence from the whole market. Ework was founded in Sweden in 2000, and is now active in Sweden, Denmark, Norway, Finland and Poland. The firm has framework agreements with over 170 leading corporations in most sectors, and over 8,500 consultants on assignment. Ework's head office is in Stockholm. Its shares are listed on Nasdaq Stockholm.

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Forthcoming financial reports

Half-year Interim Report 19 July 2018
Interim Report, Nine Months 26 October 2018

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